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FEDERAL COMMUNICATIONS COMMISSION
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE
SECRETARY

Room 222
CC92-77
IN REPLY REFER TO:

Stop Code 1600A2
IC-92-09155
9202405

**ORIGINAL
FILE**

Honorable Wayne Owens
House of Representatives
1728 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Owens:

Thank you for your letter on behalf of C. Kim Thompson, Director, Division of Institutional Operations, Utah State Prison in Draper, Utah, regarding the Commission's billed party preference proposal. Billed party preference is the term used to describe a proposal to change the way local telephone companies handle certain operator service calls. Mr. Thompson is concerned that the proposal threatens to undermine existing controls on inmates' telephone calls.

Currently, if a caller places a "0+" operator services call (that is, the caller dials "0" and then a long-distance telephone number, without first dialing a carrier access code, such as 10-ATT), the call is carried by the operator services provider presubscribed to the telephone line from which the call originated. The presubscribed carrier for public payphones is chosen by the payphone owner or the owner of the premises on which the payphone is located. Operator service providers compete for payphone presubscription contracts by offering significant commissions to premises owners on long-distance traffic and then including those commission costs in their own rates to consumers.

In April 1992, the Commission adopted a Notice of Proposed Rulemaking to consider whether the current presubscription system should be replaced by a billed party preference methodology. Under billed party preference, all 0+ calls would be handled automatically by the carrier predesignated by the party paying for the call. For example, a credit card call would be handled by the carrier that issued the card. A collect call would be handled by the carrier presubscribed to the called line.

Because billed party preference would replace the current presubscription system for operator services calls, operator service providers would no longer be likely to pay significant commissions to premises owners for presubscription contracts. In addition, billed party preference could make operator services much more user friendly for the calling public. In particular, it would allow callers to place their operator services calls without dialing access codes, while ensuring that the party paying for each call -- as opposed to the payphone or premises owner -- would determine the operator service provider to carry it.


Honorable Wayne Owens

2.

Because of these and other benefits that potentially could be offered by billed party preference, the Commission tentatively concluded in its Notice of Proposed Rulemaking that billed party preference is, in concept, in the public interest. At the same time, the Commission sought detailed information and comment on a comprehensive range of issues relating to this proposal.

The Commission has received extensive comment on the billed party preference proposal. Let me assure you that the Commission will carefully consider all of the ramifications of this important proposal, including the impact on correctional facilities, before taking final action on it. We will incorporate your letter and the letter from your constituent in the record of this proceeding so that they may be accorded proper consideration by Commission staff.

Sincerely,


Cheryl A. Tritt
Chief, Common Carrier Bureau

WAYNE OWENS
UTAH - 2nd DISTRICT

COMMITTEES:

FOREIGN AFFAIRS
INTERIOR AND
INSULAR AFFAIRS

SELECT COMMITTEES:

AGING
INTELLIGENCE



Congress of the United States
House of Representatives
Washington, D.C. 20515

August 19, 1992

CCB
92-77
2405

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Ms. Donna Searcy, Secretary
Federal Communications Commission
1919 M St., N.W. Room 222
Washington, D.C. 20554

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AUG 24 1992

LEGISLATIVE AFFAIRS
CCB

Re: CC Docket No. 92-77

Dear Ms. Searcy:

Attached please find a copy of a letter from C. Kim Thompson, Director of the Division of Institutional Operations of the Utah State Prison.

I encourage you to give the Utah State Prison's concerns fair and appropriate consideration.

With best regards,

Cordially,

Wayne Owens
Wayne Owens

cc: C. Kim Thompson

WO:rm
enclosure

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State of Utah

DEPARTMENT OF CORRECTIONS
UTAH STATE PRISON

Aug 11 1992

Norman H. Bangerter
Governor

O. Lane McCotter
Executive Director

C. Kim Thompson
Director Institutional Operations

P.O. Box 250
Draper, Utah 84020
(801) 571-2300

August 7, 1992

Ms. Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

RE: CC Docket No. 92-77 "Billed Party Preference"

Dear Ms. Searcy:

The Utah State Prison (Division of Institutional Operations) supports opposition to the "Billed Party Preference" proposal, CC Docket 92-77, currently under review by the Federal Communications Commission.

Our concerns have been effectively articulated in letters previously submitted to you (attached) by the American Public Communications Council, and by the American Jail Association.

In our judgement the proposition threatens to seriously undermine existing controls on prisoner/inmate telephone calls. Controls which have been especially designed to protect the interests of the public.

Sincerely,

C. Kim Thompson, Director
Division of Institutional Operations

By: Richard Burr

cc: Senator Jake Garn
Senator Orrin Hatch
Congressman James V. Hansen
Congressman Wayne Owens
Congressman William Orton
C. Kim Thompson

CKT/rb/sg
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American Public Communications Council
of the North American Telecommunications Association

SUMMARY OF CONCERNS FOR EXCESSIVE FRAUD FROM CONFINEMENT FACILITIES

The FCC has not considered the implications of BPP on inmate phone service. For example in North Carolina there are 28 telephone companies. Only four of these telephone companies provide inmate call screening as an option. A large number of county jails and state prisons are located in rural areas serviced by telephone companies that do not provide inmate screening. In addition to this problem, several long distance companies in North Carolina do not have the ability to offer inmate call screening. The net effect to jails and prisons would be the potential for high fraud, no specialized services (blocking, phone number searches, etc.) and no commissions in most areas. Also, several of the telephone companies in rural areas do not offer inmate phone service.

The concerns of the confinement industry are centered in four areas:

- 1) The ability to get service and/or the lack of special service options like blocking, number searching and selective number monitoring, etc. For example several jails are in areas where the local telephone company does not provide inmate phone service. Where the telephone company does provide inmate phone service, they do not provide the special service options.
- 2) Excessive telephone fraud causing increased financial burden on the public and potential public relation problems in jails. (See Industry Fraud Report previously mailed).
- 3) The potential of losing the increased security, control and manpower savings created by inmate phone service.
- 4) Loss of revenue from the commissions. Prior to competition, commissions were either non-existent or very low. This issue is very important to the confinement facility, but is not critical to the FCC for purpose of excluding inmate phone service from BPP.

In the FCC Notice of Proposed Rulemaking on BPP, the FCC opinion states that BPP will lower prices to end users and the FCC is not concerned about the loss of commission revenue to state and county confinement facilities.

"Another apparent advantage of billed party preference is that it would focus competition in operator services towards end users. As noted, OSP's currently compete for 0+ traffic by obtaining presubscription contracts for public phones. They compete for such contracts by offering commission payments to payphone providers and other aggregators on 0+ calls. Consequently, the success of an OSP in the marketplace is directly related to the amount of commissions it offers. In some cases, OSP's have been willing to pay substantial commissions, the costs of which apparently are passed on to consumers through higher operator service rates, in order to win presubscription contracts. Billed party preference would redirect the competitive efforts of OSP's towards providing better services and lower prices to end users, as opposed to paying higher commissions."

FCC Notice of Proposed Rulemaking Docket No. 92-77

Page 9 No. 19

This assessment is not accurate. Today most State Utility Commissions require the cost of inmate phone service to equal the rates charged by the local telephone company or AT&T. Even if the rates are not regulated, historically RFP's for inmate phone service require providers to charge rates equal to the local telephone company or AT&T.

The development of private competition in inmate phone service has lead to increased commissions, while the rates to consumers have remained equal to the local telephone company or AT&T.



American Jail Association

1000 Day Road, Suite 100
Hagerstown, MD 21740
Telephone: (301) 790-3930
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July 1, 1992

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Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Federal Communications Commission
Office of the Secretary

Re: "Billed Party Preference" Proposal,
CC Docket 92-77

Dear Ms. Searcy:

It is my understanding that the Federal Communications Commission is now considering a proposal entitled "Billed Party Preference", CC Docket 92-77. It is my understanding that this proposal, if enacted, would change the way long distance carriers are selected on collect inmate calls from local jails. It is my more specific understanding that the enactment of this proposal would severely damage, and perhaps eliminate, the ability of competitive private companies to provide inmate telephone services and would require local jails to work exclusively with the large regional telephone companies in providing telephone services for their inmates.

On behalf of the 6000 members of the American Jail Association, I have some serious concerns regarding this proposal if my preliminary understanding of it is, in fact, correct. My major concerns are these:

- 1) The reduction, and perhaps total elimination, of inmate telephone services in some local jails situated in geographic areas which are served by regional telephone companies that do not now provide those services. There are more than 3300 local jails in this country.
- 2) An increase in fraudulent inmate telephone calls from those local jails which are served by regional telephone companies that do not provide services specifically designed to prevent fraudulent inmate calling.

Future Conference Sites

Minneapolis, Minnesota - May 24 - 28, 1992
Portland, Oregon - May 16 - 20, 1993

July 1, 1992

- 3) A reduction in, and perhaps in some areas the loss of, the collect call commissions which many of us are putting to good use in these difficult economic times.


In light of the above, please send me the following:

- 1) A copy of the "Billed Party Preference" Proposal, CC Docket 92-77.
- 2) The procedure for public comment on this proposal.

I intend to discuss this matter with our Association's Executive Committee when we meet in San Antonio on the afternoon of August 1. Shortly thereafter, you may anticipate receiving formal comment from me. I can be reached at the following:

Dr. Richard G. Kiekbusch, Superintendent
Prince William-Manassas Regional
Adult Detention Center
9320 Lee Avenue
Manassas, Virginia 22110
(703) 792-6417

RGK:da

Sincerely,

Richard G. Kiekbusch
President

cc: James A. Gondles, Jr., Executive Director
American Correctional Association
Bud Meeks, Executive Director
National Sheriffs' Association
Board of Directors, American Jail Association
Paul J. Marino, Legal Counsel
American Jail Association
Stephen J. Ingley, Executive Director
American Jail Association